

AMENDED IN ASSEMBLY APRIL 14, 2005

AMENDED IN ASSEMBLY APRIL 11, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 1670**

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**Introduced by Assembly Members Nation and Richman**

February 22, 2005

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An act to add Division 112 (commencing with Section 130500) to the Health and Safety Code, relating to health care coverage.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1670, as amended, Nation. Health care coverage.

Existing law establishes various programs, including the Medi-Cal program and the Healthy Families Program, to provide health care benefits to eligible persons. Under existing law, the Healthy Families Program is administered by the Managed Risk Medical Insurance Board.

This bill would establish a 3 part health care coverage program. The bill would require each resident of the state to obtain minimum health care coverage, as defined, ~~and submit documentation, except as specified, of this coverage with his or her annual income tax return filed with the Franchise Tax Board.~~ The bill would also require the Secretary of the Health and Human Services Agency to work in conjunction with counties to establish a purchasing pool through which an essential benefits plan, developed by the board and the Department of Managed Health Care, would be made available. The bill would also require the board and the department to establish a subsidy program for qualified employers, as defined, who offer essential benefits coverage for employees earning less than 200% of the federal poverty level.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. This act shall be known as the Universal Health Care Act of 2005.

SEC. 2. Division 112 (commencing with Section 130500) is added to the Health and Safety Code, to read:

DIVISION 112. UNIVERSAL HEALTH CARE

CHAPTER 1. INDIVIDUAL MANDATE

130500. Residents of this state shall obtain and maintain minimum health care coverage for themselves and their dependents. "Minimum health care coverage" means coverage through a health care service plan regulated by the Department of Managed Health Care or a health insurance policy regulated by the Department of Insurance that has a maximum annual deductible of five thousand dollars (\$5,000) per person under the plan or policy and provides first dollar coverage for all medically indicated preventative care.

~~130501. (a) Each resident shall submit proof of the health care coverage required by Section 130500 with his or her annual income tax return filed with the Franchise Tax Board, unless that coverage is provided through his or her employment as reflected by the employer's payroll report submitted to the Employment Development Department.~~

~~(b) If a resident does not comply with subdivision (a), the Franchise Tax Board shall retain from any tax overpaid by the resident, the amount required to obtain the health care coverage described in Section 130500 from the purchasing pool in the resident's county. The Franchise Tax Board shall transmit this sum to the purchasing pool.~~

CHAPTER 2. PURCHASING POOL

130510. The Secretary of the Health and Human Services Agency shall, in conjunction with each county, establish a regional quasi-public purchasing pool to provide health care coverage for all individuals without that coverage. A county may join with other counties to operate a purchasing pool. Each regional quasi-public purchasing pool shall be administered by a board of not more than 11 and not less than five members.

130511. The purchasing pool shall negotiate with insurance companies and health care service plans to provide a range of products, including catastrophic coverage with medically indicated preventative care, an essential benefits plan, and any other product that can be offered in a cost-efficient manner.

130512. Insurance companies and health care service plans that participate in the purchasing pool shall guarantee the issuance of coverage to all applicants and shall charge rates on a modified community rating basis. A health care service plan participating in a purchasing pool shall offer, at a minimum, an essential benefits plan and a high deductible catastrophic plan, which shall include coverage for medically indicated preventative care. The Managed Risk Medical Insurance Board and the Department of Managed Health Care shall identify the benefits required for an essential benefits plan offered through the purchasing pool that is less expensive than an equivalent product and that provides basic coverage under a delegated risk model.

130513. Individuals and employers may purchase health care coverage through the purchasing pool to take advantage of the flexible benefit options and pricing it provides.

CHAPTER 3. EMPLOYER PARTICIPATION

130520. (a) The Managed Risk Medical Insurance Board and the Department of Managed Health Care shall establish a voluntary, nonentitlement program to allocate available state and federal funds to subsidize qualified employers who offer essential benefits health care coverage for their employees who earn less than 200 percent of the federal poverty level as published quarterly in the Federal Register by the Department of

1 Health and Human Services. A qualified employer is one that has  
2 less than 50 employees, 60 percent of whom earn less than 200  
3 percent of the minimum wage.  
4 (b) Notwithstanding subdivision (a), no subsidy shall be  
5 provided to a qualified employer pursuant to this section if the  
6 employer during the immediately preceding 12-month period,  
7 offered health care coverage benefits to its employees. The  
8 Managed Risk Medical Insurance Board and the Department of  
9 Managed Health Care shall promulgate regulations specifying  
10 other criteria applicable to this disqualification.